

null
Diana T Fritz 03/21/2007 05:43:48 PM From DB/Inbox: Search Results

Cable
Text:

CONFIDENTIAL

SIPDIS
TELEGRAM

June 09, 2003

To: No Action Addressee
Action: Unknown
From: AMEMBASSY ABU DHABI (ABU DHABI 2761 - ROUTINE)
TAGS: EPET, PGOV, BEXP, ENRG, ECON, EINV
Captions: None
Subject: UAEG PREDICTS NO MAJOR MOVEMENT AT THE JUNE 11
EXTRAORDINARY OPEC MEETING
Ref: None

C O N F I D E N T I A L ABU DHABI 02761

SIPDIS
CXABU:
ACTION: ECON
INFO: P/M DCM POL AMB
Laser1:
INFO: FCS

DISSEMINATION: ECON
CHARGE: PROG

APPROVED: ECON: TWILLIAMS
DRAFTED: ECON:CCRUMPLER
CLEARED: NONE

VZCZCADI555
RR RUEHC RUEHHH RUEHDE RUCPDOC RHEBAAA
DE RUEHAD #2761 1601132
ZNY CCCCC ZZH
R 091132Z JUN 03
FM AMEMBASSY ABU DHABI
TO RUEHC/SECSTATE WASHDC 0336
INFO RUEHHH/OPEC COLLECTIVE
RUEHDE/AMCONSUL DUBAI 3180
RUCPDOC/USDOC WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC

C O N F I D E N T I A L ABU DHABI 002761

SIPDIS

DEPT FOR NEA/RA, NEA/ARP, INR/EC, EB/IEP, EB/CBA
USDOE FOR INT'L AFFAIRS -- COBURN, ALSO
CALIENDO
USDOC FOR 1000/OC/
USDOC FOR 4520/ITA/IEP/ONE
USDOC FOR 4530/ITA/MAC/ONE/DGUGLIELMI
4500/ITA/MAC/DAS/WILLIAMSON
3131/CS/OIO/ANESA

E.O. 12958: DECL 06/09/08
TAGS: [EPET](#) [PGOV](#) [BEXP](#) [ENRG](#) [ECON](#) [EINV](#) [TC](#)
SUBJECT: UAEG PREDICTS NO MAJOR MOVEMENT AT THE JUNE
11 EXTRAORDINARY OPEC MEETING

¶1. (U) Classified by Acting DCM Thomas E. Williams,
for reasons 1.5 (B) and (D).

¶2. (C) UAE Ministry of Petroleum Director of Economic Affairs and OPEC delegate Hamdan Al-Akbari told Acting DCM June 9 that he believes oil market supply and demand are balanced, current pricing is "adequate," and cuts in OPEC quotas are not required at this time. Almost all OPEC members which have the capacity to do so continue to overproduce their quotas, despite the last OPEC meeting's decision to raise quotas in hopes members would curb output in accordance with the new agreed output levels. (Note: Indeed, open source reports indicate that the UAE is overproducing its quota by as much as 130,000 barrels per day. End note.) Al-Akbari thought it very possible that the session would leave current quota levels untouched, but might once again call on members to bring actual production back into line with the agreed levels. The Emirati official suggested that concern about non-OPEC market share would likely militate against any cut in quotas.

¶3. (C) According to Al-Akbari, the June 11 meeting was scheduled because of concerns about potential wild price fluctuations resulting from the Iraq war (A/DCM agreed that pessimists had predicted prices would reach 40 USD a barrel during the war, and might crash to 7-8 USD once the conflict ended). While Iraq's future impact on the oil market remains a concern, Al-Akbari thought that the June 11 meeting would be guided more by stock levels in the United States and Europe, Venezuela's return to production, and would focus on potential near-term downward pressures on prices. Iraq will likely become a major factor later this year when its oil capabilities and production schedule become clearer.

¶4. (C) A/DCM noted that with much of the OECD still struggling to sustain positive economic growth, and with the advent of the summer driving season in the United States, it would be helpful if OPEC could refrain from actions or statements that could jeopardize the modest recovery which appears to be underway. While the oil intensity of OECD economies has diminished markedly over the past decades, oil prices continued to have a psychological impact on consumer and even market sentiment.

Wahba